

Executive Registry
10-4555

11 JUN 1958

card
Colonel John W. Keating
Executive Officer
The National War College
Washington 25, D. C.

Dear Colonel Keating:

On behalf of Mr. Dulles, may I acknowledge and thank you for your letter of 27 May addressed to [redacted] enclosing the material on the speech the Director delivered at the National War College on 29 April.

In accordance with your request, I am enclosing a copy of Mr. Dulles' lecture which has been reviewed and only editorially changed. We greatly appreciate your courtesy in sending us the material on his talk.

Sincerely,

Signed

[redacted]
Assistant to the Director

Enclosure

O/DCI [redacted]:dd 11 June 58

Distribution:

Orig & 1 - Addressee w/encl.

1 - DCI w/ribbon copy

1 - Col. Grogan w/4 copies

1 - [redacted]

1 - ER w/basic

1 - Reading

1 - AAB

(EXECUTIVE REGISTRY FILE *National War College*)

~~SECRET~~

THE NATIONAL WAR COLLEGE
WASHINGTON 25, D. C.

Regraded UNCLASSIFIED
when separated from
Classified inclosures

NWC-352.13

27 May 1958

Dear

Reference is made to the lecture, "Sino-Soviet Threat 1958," delivered by The Honorable Allen W. Dulles at The National War College on 29 April 1958.

Enclosed is the stenotypist's transcription of this lecture in duplicate. We would like to make a final copy of this lecture for our library but to be sure we have made no major errors would you please look this over and return to us one copy. The other copy is for your retention.

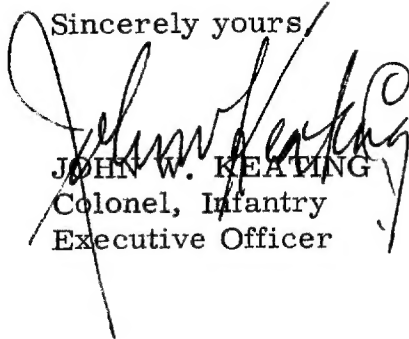
Please feel free to make such changes as you desire on the transcription. Unless the space is insufficient your notations may be made directly on this copy.

Also enclosed are the notes you so kindly furnished.

Again, on behalf of the college may I express our appreciation and thanks to Mr. Dulles for this very fine presentation.

With kind regards, I am

Sincerely yours,


JOHN W. KEATING
Colonel, Infantry
Executive Officer

Encl - 2

Lecture in duplicate
Notes

Mr.
Central Intelligence Agency
Washington 25, D. C.

~~SECRET~~

NWC-352.13

27 May 1958

Dear Mr.

Reference is made to the lecture, "Sino-Soviet Threat 1958," delivered by The Honorable Allen W. Dulles at The National War College on 29 April 1958.

Enclosed is the stenotypist's transcription of this lecture in duplicate. We would like to make a final copy of this lecture for our library but to be sure we have made no major errors would you please look this over and return to us one copy. The other copy is for your retention.

Please feel free to make such changes as you desire on the transcription. Unless the space is insufficient your notations may be made directly on this copy.

Also enclosed are the notes you so kindly furnished.

Again, on behalf of the college may I express our appreciation and thanks to Mr. Dulles for this very fine presentation.

With kind regards, I am

Sincerely yours,

JOHN W. KEATING
Colonel, Infantry
Executive Officer

Encl - 2
Lecture in duplicate
Notes

Mr.
Central Intelligence Agency
Washington 25, D. C.

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SINO-SOVIET THREAT 1958

By

The Honorable Allen W. Dulles

"This is an official document of The National War College. Quotation from Abstraction from, or Reproduction of all or any part of this document is NOT AUTHORIZED without specific permission of the Commandant of The National War College.

**Presented at
The National War College
Washington, D. C.
29 April 1958**

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3 -- copies

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SINO-SOVIET THREAT 1958

By

The Honorable Allen W. Dulles

(29 April 1958)

ADMIRAL WOOLDRIDGE: (Introduced the speaker).

MR. DULLES: Thank you very much. I appreciate that introduction.

I wish that I felt sure, on the basis of the facts available, ^{that} I could outline a clear-cut and definite policy for you, but I may have to leave some of that to you to formulate after I have spoken. It is true, there are a good many facts laid before us in the CIA; sometimes too many facts complicate life very much, because, unfortunately, the facts do not all point in the same direction, and it is not always easy to get a completely clear-cut view of any situation so that one can say with great assurance that this or that is the appropriate line to take.

This, I believe, is my eighth appearance here - eighth consecutive appearance before this body or this joint body. The agency appreciates very much the opportunity to have representatives at the two colleges. We have always tried to select our best men for these jobs, and they have always come back profited greatly from the experience they have gained in the colleges.

I understand that you have just completed your final papers on "Basic NSC Policy" and that my task here this morning is to give you a general run-down of the views that we hold in

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SECRET

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

the Central Intelligence Agency with regard to the Sino-Soviet threat.

We have also just completed certain intelligence appraisals. When I say "we" I mean the entire intelligence community, because these papers are drawn up and finally approved by the Intelligence Advisory Committee, which contains, as you know, other membership representatives of all the intelligence services of Government.

I

The past year has seen a series of dramatic developments in ~~the~~ Sino-Soviet affairs, particularly in the Soviet situation.

We had, first, the Soviet successes in the satellite-ICBM area, which, although shortly followed by our own accomplishments in these same fields, had a very important psychological effect on a world-wide basis because of their being first and because of the clear magnitude of the Soviet effort and accomplishments. At first these developments seemed to shake somewhat the image of U. S. superiority and possibly in certain areas of the world created some fears that we no longer had the same potential that others thought we might have to defend our allies -- partly because the world then saw that the time was not far off when the United States would come under or could come under direct attack by such a formidable arm as the long-range guided missile.

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

Then we had the developments in the Soviet Union, with Khrushchev consolidating his leadership and embarking on further domestic innovations -- the industrial reorganization which, while it had built-in dangers, as I see it, for the Communist leadership, tended to create a more effective (assuming its success since it seems to be going all too well) method of controlling the rapidly expanding industrial machine of the Soviet Union; then the abolition of the machine-tractor stations and the turning over of the tractors to the collectives, which may tend to eliminate one bottleneck in their farm situation, designed to strengthen their economy and may have some effect in achieving it.

Then during the past year, following the shock that the Soviet Union had succeeded in the satellite area, the Soviets, partly by ruthless repression of the Hungarian revolt, were able to stabilize to some extent their position in Eastern Europe as contrasted to the position they had a year ago when I spoke to the colleges. There is, however, underlying ferment in various parts of that satellite area that I will refer to later, particularly in Eastern Germany and Poland. While Yugoslavia is not really a part of the satellite area, there have been recent dramatic developments in the Yugoslav situation that I will take up.

There has also been the continued Soviet (rather successful) action in wooing the uncommitted and less developed areas of the world, with particular success in the Middle East

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

and in Southeast Asia - Indonesia, for example.

There have been new crises in the Afro-Asian world -- Indonesia, Algeria, Tunis -- which have given the Soviets plenty of opportunity for "fishing in troubled waters".

Finally, the Soviet initiatives in the disarmament field, their stress on the banning of nuclear testing (a propaganda gadget very largely), their pressure for Summit talks were designed to capitalize on these developments and at the time seemed to threaten somewhat the unity of the position of the West. I think today, however, there is evidence that the Soviets feel that they have probably overplayed their hand and overestimated their ability to influence Western public opinion in these respects. The unity of the West seems to be stronger today than it was a few months ago.

II

I think it is important to try to assess the present mood of the Bloc leaders -- the position they think (that) they have achieved and what they think the future holds.

The extrovert character and the outspokenness of the present Soviet leadership makes it a little easier to judge how they feel. The ebullient Khrushchev does not fail to talk and, while some of his talk is gross exaggeration, it is some reflection of the spirit of confidence that he has been feeling. Recently, I think, there have been some evidences that he is not quite as confident today as he was. But still their present

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

mood is one of over-all confidence and reflects a little the Khrushchev boast of some time back that "we will bury you". He has not said much about that in the last few weeks.

In secret speeches at the 40th Anniversary Celebration in Moscow last fall, both Mao and Khrushchev took the line that if peace could be preserved for a decade or so - ten or fifteen years - the Bloc could overtake the West and that the position then of the Socialist camp would be unbreakable. That is their boast and hope.

There was some reason for their confidence, even though we do not accept their conclusions. I refer to their scientific and political successes. I was talking yesterday to the Chamber of Commerce about their striking growth in economic power; and there have been some shifts in attitude as to the respective strengths of the United States and the U.S.S.R.

III

Certainly we can no longer afford to underestimate the magnitude of the growth of Soviet power. The idea that the Soviet peoples are a bunch of muzhiks is a very obsolete conception and is one that has been held quite widely in various parts of the United States; it is one of the blocks, I think, toward full appreciation of our problems.

I will refer to some of the areas in which they are rapidly increasing their power.

On the military side the stress seems clearly to be on

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

ballistic missiles, both intermediate and long-range, and in the nuclear fields. We have a pretty good idea, I think, of their ballistic missile program, and our latest estimates will probably indicate that they will not have the ICBM at least until sometime next year. We had thought last August that it might even be a little earlier than that, but the amount of testing they have done since then has not been up to rather what we had expected they would do.

Conversely, in our view, they are putting less stress on the heavy bomber than we had estimated. The output of the BISON and BEAR, jet and turboprop heavy bomber, seems to be on a decline. We are having a review of our estimate of that particular situation at the present time. There has been some slight indication that they might unveil a new supersonic bomber. The evidence on that, though, is very tenuous. We are waiting for the May Day Fly-by, but I read in the paper this morning that it looks as though May Day is not going to be a day, from the point of view of weather, that will permit them to do much testing. There was one practice Fly-by a few days ago on which we had some very good reports, even though it was viewed at some distance; but even then the weather conditions were not satisfactory for gaining much information.

I want to refer particularly to the Soviet strides in the nuclear field. The last series of tests that were concluded a few weeks ago was the most intensive series that they have had --

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

ended up with three tests in two days, at different testing sites. That is quite an intensive series. They waited until that series was over to renew their suggestions with regard to even an unilateral suspension of testing; and they have technically gone into a suspension. It is our estimate that they would have stopped anyway for a period of time after this very intensive series.

In addition, they are maintaining formidable conventional capabilities, as you well know. They are modernizing and streamlining their ground forces, as we can see from observation, particularly in East Germany and now in Hungary.

There are some indications of numerical cutbacks. They have announced several force reductions, as you know. It is hard to tell whether they have carried them out in full, but they certainly have cut back in numbers to some extent from their position of a couple years ago.

Also, very recently we have had very hard evidence that they have cut back in building of conventional submarines, including the long-range snorkel type. This perhaps indicates that they are preparing a shift to the nuclear-missile type of submarine, although we have not yet any direct evidence on that. But that would be the normal course for them to take.

The rapid pace of Soviet scientific development may be even more dangerous than their current military posture. Their all-out effort to develop a massive scientific base is

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

now paying off, and the statistics are fairly worrisome:-

They have 1.5 million college graduates trained and employed in scientific and technical fields, as against about 1.3 million in the United States. This edge is increasing -- in 1957 our figures indicate they graduated over 140,000 in the scientific and engineering fields, as against about 100,000 in the United States.

It must be accepted, I think, today that the Soviets are up to us and are even in certain cases ahead of us in some of the key scientific fields, although we have an ^{advance} in others [of these fields]. It seems to have taken ^{the} Sputnik to make us realize the extent of their scientific competence and that unless we step up our own efforts in research, education, and the scientific fields they are likely to forge ahead of us. I think we are aroused to that question of how to step up quickly our scientific and engineering educational facilities as another problem.

Certainly they understand very clearly the key role of science and technology in modern warfare. They regard themselves as in a race with us in this particular field - a race in which they are going to put every effort to try to win.

In the economic field they have the same concept, that they are in direct competition with us. While the ^{rate} of economic growth is slowing down somewhat, the ^{relative rate} of growth is always harder ^{to achieve} as you get a higher base; your rate always goes

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

down somewhat. It is still a great deal more rapid than ours, and, in fact, now that we are now in a recession, very markedly so.

The crucial point is that even though the Soviet gross national product is still not over two-fifths of ours - about 40 percent of ours - they already have allotted resources to critical fields, very comparable and very nearly the same as ours, and we would estimate that their defense outlays in dollar value were roughly the same as ours. That does not mean that it costs them that much, because obviously they do not pay their personnel anything like what we do and a large share of this goes into the cost of their manpower; but a couple million men will cost them only a percentage of what it would cost us, but, taking their overall military product year by year in manpower and materiel, we have estimated it is just about the same as ours. And they do that on a gross national product that is roughly 40 percent of ours.

Their investment outlays in 1956 in key fields, like mining, manufacturing, electric power, are already between 80 and 90 percent of our own. There are various reasons why they are able to do this, but the primary one is that they are holding down consumption in dollar value to about a quarter of our own or only about one-fifth on a per capita basis in view of the somewhat larger populations that they have. Stated in other words, we spend on consumption goods in the general consumption field about five times as much as they do per capita. Those are pretty

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

startling figures.

As I said yesterday to the Chamber of Commerce, some day the Russian people are going to demand a much larger share of the good things of this world; and if the Soviet leadership responds to that, it is going to have a very dramatic effect on their whole society; if it does not respond to it, there might be trouble. I do not mean revolution, but such pressures as would be almost very difficult to fail to respond to.

They are devoting a bit more to the consumption field -- housing, agriculture, and so forth -- than they were a few years ago, so that [the] Soviet citizens are having a slightly raised standard of living. And, as they have been used to a very low standard, they feel they are somewhat better off, and that probably postpones the day of [the] insistent demand for ^{at a} ~~an~~ even more share in the field of consumption.

However, the sheer problem of managing ^{the} ~~the~~ huge industrial economy and giving it new dynamism has led to major innovations. I mentioned before the economic reorganization, the partial dismantling of the swollen central bureaucracy in favor of more decisions taken at the local level.

In the field of agriculture we know of the new lands program and the abolition of the machine-tractor stations and the forced deliveries from private plots -- all designed to expand the agricultural output.

There have been also very dramatic changes in the

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

political field. There has been a de-emphasis on terror; there has been a downgrading of the secret police; there has been a stress on Socialist legality. I have a feeling that maybe Khrushchev feels they have gone a little too far, and there may be some tendency [possibly] to turn back a little, although that cannot be said as yet.

Most of these changes and innovations bear the stamp of Khrushchev himself, and we can expect probably [a] further attempt at bold steps as long as he is in power. He is boldly seeking to adjust the Soviet system to [the] present-day needs, to release initiative, and to increase efficiency. He showed himself a shrewd politician and has put some stress on the field of consumption, with promises of a better life for the Soviet citizens and giving them a little taste of it. He obviously feels the need of seeking popularity. I do not think Stalin cared very much what people thought of him. Khrushchev obviously is seeking popularity.

IV

But the change of pace in the Soviet society and the gradual maturing of the revolution have created major problems for the Kremlin leaders. Khrushchev's reforms and changes have not been put through, as you know, without serious opposition. The June purge was a good example of this.

While Khrushchev seems firmly in the saddle, if his ambitious promises do not pay off, if the new lands program should fail, if the reorganization should run into serious

- 11 -

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

difficulties, he has plenty of enemies behind the scenes who would be very glad to go in and try to throw him out. He has made plenty of enemies on the way up. There are probably a good many [of the] orthodox Communists of the Molotov type and maybe ^{like} ~~of the~~ Suslov [type] - often referred to as a potential antagonist - who are aghast at Khrushchev's innovations.

These post-Stalin changes have accelerated the evolutionary process in Soviet society and have unleashed forces of great potential impact. Universal education has created a new Soviet man who may increasingly chafe under totalitarian controls. Already there are signs of some discontent here and there among the intellectuals and in the student body.

There has been a rise of new groups -- the managerial group in the industrial field, scientists -- who may increasingly demand a share of power and who will increasingly probably protest against arbitrary controls, whether from the center or at the local level now that they are decentralizing. The Central Committee is getting an increased role of power, even though it is under pretty good control as far as Khrushchev is concerned. It may feel its oats one of these days and it might get a bit out of hand.

I mentioned the growing demand for more consumer goods and better housing,

^{the} In addition to these problems and the agricultural problem which I have mentioned, there are problems in the political

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

sphere. Very recently the row with the Yugoslavs seemed to indicate a nervousness and a lack of the sure-footedness that Khrushchev has shown generally,

re (It seems [to be] clear that, whether it is a Stalin or a Khrushchev who is in power, he cannot really tolerate ideological deviations in the Communist family of states. While Tito was ready and did apparently compromise with Khrushchev on the phrase in their platform which indicated that both East and West were responsible for the tensions and put most of the responsibility for the world tensions on the West, that did not satisfy Khrushchev because of the fact that Tito still insisted on following his own road to Socialism.

Of course, Khrushchev is taking a big gamble in attempting to modernize the Soviet system, because that gives new scope to initiative, and initiative is something that is dangerous for a dictatorship. The benevolent dictatorship that the Soviets are seeking may eventually turn out to be an impossible contradiction.

re Can a dictatorship be benevolent? It is possible that the leadership may feel that it has to revert to some of the earlier patterns of control. This will become more difficult as time passes. Controls once taken away are hard to reimpose. But ^{*I have mentioned*} these changes are essentially long-term and evolutionary, not revolutionary; and their impact on Soviet external policy may be somewhat long-delayed and rather unpredictable at the present

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

time. ~~A~~ ^{the} short-range outlook, as I see it, is for intensification not a diminution of the Soviet threat.

V

Yet~~x~~ it is crucial for our own policy that we recognize the true nature of this threat. It does not, so long as mutual deterrence is maintained, arise primarily, as I see it, from the danger of a general war or even of local aggressions ^{directly} involving [direct] Soviet forces, ~~But~~ from the politico-economic and subversive techniques employed by Moscow since the revolution, and with special skill and flexibility since Stalin's death, I am not myself much of a believer in these limited wars where it comes to direct Soviet participation. I believe in the possibility of limited wars as between, say, Israel and the U.A.R. ^{But} I have always felt -- I may be wrong and I know there are higher authorities who differ from me -- that if either of the great nuclear powers was involved in those wars and used its nuclear strength, as I believe it would do, it would probably lead to a general war.

Along with the growth of the Soviet nuclear capabilities are signs of growing realization that technological revolution in modern warfare makes general war, at least for the moment, far too dangerous.

^{2. 8} (While the U.S.S.R. is determined to maintain a strong military posture against any eventuality, the possibility of a nuclear stalemate, I think, is well understood in Moscow. I see no indication that they wish to risk or would willingly risk a nuclear

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

war with the United States.

A new generation of Soviet leaders probably argue to themselves ~~as to~~ why they should jeopardize 40 years of Socialist construction and reconstruction when they feel they are well on their way to overtaking the capitalist system, which they always preach is being outworn, and when their current politico-economic tactics promise some successes in this field.

The Soviet leaders also seem to recognize that Stalin's type of policies were counterproductive, led them to the brink of war -- such operations as Berlin and Korea -- and that they are far too risky to undertake in the nuclear age. It is from this reasoning that has sprung up their slogan of "peaceful coexistence". (I would like to call that "peaceful subversive coexistence") as their policy. Through it they are buying time for the continued forced draft growth of Soviet power in the economic field, industrial field, in the field of ballistic missiles, and in the nuclear field; and they are creating new opportunities for diplomatic maneuver and politico-economic penetration aimed at undermining the position of the West. It seems to me that Indonesia today is a typical example of their techniques.

They are trying with all that to play down the image of an aggressive U.S.S.R and thereby cloak their maneuvers.

The Soviets, of course, are laying particular stress on the underdeveloped and uncommitted areas (I do not like that term "underdeveloped"; I prefer to call them "newly developing

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

states") as the "Achilles' heel" of the West. They are ^{doing} ~~develop-~~ing this by expanding their trade and their aid programs, which, though still relatively small as contrasted with our own, now total some two billion in credits and grants over the past three years and over 560 million (I am speaking of dollars here, not rubles) since mid-1957. So this aid-trade program is on a very steep increase and probably will continue that way for some little time.

Their accelerated efforts to develop diplomatic and cultural relations, exploit the anticolonial and neutralist sentiments, are part of this and lay the groundwork for their subversive penetration.

Yesterday, in talking to the Chamber of Commerce, I spoke particularly of Yemen. I think Yemen is one of the best cases. They have put tens of millions of dollars into that little country and a vast amount of military equipment for the size of ^{its} ~~their~~ army and the number of ^{its} ~~their~~ people. They do not have any great hope of Communizing Yemen. ^{Yemenis} ~~They~~ do not know anything about Marx; they are pretty rabid Moslems; but there is not any place in the world where you can do more mischief for less cost probably than in Yemen, which is right next to Aden. If they got a good foothold there they would have a blackmailing position on the Red Sea and the oil lifeline to Western Europe and the great commercial channel to the East. I just cite Yemen as one example, but it is one of the most dramatic, I think, of the examples that we have.

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

Simultaneously with this, their economic and subversive programs, they have been putting on a major diplomatic offensive which I feel is not going quite as well as their economic one is. This is keyed to pressures for a Summit conference and nuclear disarmament.

They do not seem quite as anxious for a Summit conference as they did sometime ago. By their somewhat heavy-footed diplomacy they have succeeded in bringing the West pretty well together on that issue, and are really running out of steam somewhat. You may have noted that the tactics have been adopted very recently to get back answers to the Soviet notes so fast that they do not have a chance to draw their breath before they have to write another one. They were trying that on us, but we have shortened the length of our notes a bit so that we can really shoot them right back. It seems to have thrown them off balance because they do not seem to know how to write a short note; it has to be fifteen pages, otherwise it does not seem to be worth writing.

Then, of course, there has been the growing ^{Social} emphasis on disarmament measures; but we have them a little over the barrel there because they have been refusing to do anything on disarmament through the United Nations, even though that is the logical place to do it,

no IP We now have up, and I do not know quite how they are going to handle it, this question of the Arctic that they opened the door to by their somewhat precipitant ^{to} attempt to put us on

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

the spot in regard to the maneuver. That turned certainly in our favor.

Though I have stressed the so-called "peaceful" means that the Soviets are employing, I do not doubt that they will use threats, intimidation, and blackmail where they think it will be useful. They certainly used threats in both the Suez situation and the more recent Turkish situation; and it was only a little over a year ago that they did not hesitate to intervene ruthlessly in Hungary where they felt their own vital interests were deeply involved.

So I think we can expect the Soviets to be firm, even bellicose in crisis situations. They may even regard the West as less willing to stand up in a crisis as a result of the growing Soviet nuclear strength [at the fore] I think they may be wrong in that, but I think they feel that we might hesitate a little longer than we would have, say, eight or ten years ago when we had some nuclear capability and they did not.

Of course, the nuclear deterrent operates both ways, and for the same reasons the Soviets desire to avoid general war, they are also reluctant to assume risks of miscalculation inherent in overt local aggressions. They seem to be fairly careful. They will send supplies; they will send their MIG-15s and -17s, their tanks and even their submarines; and they will send technicians. We have not had very much evidence of sending what you would call "volunteers" in recent years.

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

While the U. S. must have adequate capability to meet Bloc local aggressions, if they should come (I think they are somewhat unlikely), we are, as I say, far more likely to be faced with situations like coup d'etat, civil wars as in Indonesia, third-party squabbles with the Soviets standing in the aisles and pushing them on, as in the Arab-Israeli conflict, and other internal Arab problems.

In these situations we may be faced with accepting a defeat or intervening ^{militarily} ourselves, or finding some other weapons and other means by which we can effectively intervene. *not*

Hence The Soviets have more mechanisms, I think, than we do. Take Indonesia. They have a very large and aggressive Communist Party. They can use that Communist Party as a direct internal weapon without appearing on the scene. We have no Western party or American party or other mechanism quite like that which they have. They have also built up a great series of front organizations, as you know. I have just been trying to get out some literature on those to alert people to their existence.

VI

The Bloc also has its vulnerable areas where it fears Western pressure.

The Soviets appear highly nervous about the underlying instability of their position in Eastern Europe ^{etc.} ~~that~~ I mentioned. They are very sensitive. The radio that is directed to the satellite areas seems to worry them very much. They are so sensitive

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

about that that they will not allow it to be put on the agenda of the Summit conference. They are not willing to discuss anything relating to this situation in the satellite area of Europe. They are seeking in every possible way to get an implied recognition from the West of the status quo for this area, hoping in that way to snuff out the hopes of freedom that exist in their countries.

Their rigidity on the question of German reunification is one of the evidences of this fear that they have. They are afraid that if anything happens in Eastern Germany it will snowball into Poland, into Czechoslovakia, into the whole area. I think their attitude in Yugoslavia^{4.2} plays a part in this. They could not openly admit the heresy of the Yugoslavs without admitting a similar heresy for the other satellite states.

There are some things we can do and I am sure we are trying to do them to see that this ferment in Eastern Europe does not die down. At the same time one has to play a very careful role in that. We do not want another Hungary, either in Hungary or in any of the other states. The development in Poland was an encouraging one, although recently there are indications that the Soviets are quietly putting more and more pressure on Gomułka, and it looks as though the freedoms in Poland were somewhat diminishing.

Also, I think there is reason to believe that Moscow is probably somewhat nervous over the growing strength and prestige

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

of Communist China in Asia and to some extent also in the satellite areas. Any basic United States security policy must give growing weight to this factor, as the Soviets must also.

The Chinese revolution is still young. It is about where the U.S.S.R. was some 25 years ago. But it is profiting from Soviet aid and experience and is trying to avoid some of the Soviet mistakes. ~~But~~ It will be a long time, if ever, before Chinese strength approaches that of the U.S.S.R. China has much smaller resources, has an acute population problem with over 640 million people now and a rate of increase, ^{which has gone up from} ~~of~~ one-and-a-half percent ^{in 1952 to where} ~~between 1.5 and 2.4 percent --~~ 1.5 percent it was in '52, now we believe it is up [today] to about 2.4 percent, that is, if we can take the Chinese statistics as a basis. Mao's present target is only to catch up with the U. K. production in the next 15 years. But it would be unwise to underestimate the Chinese Communist long-term potential, as Stalin seems to have done at times in his day.

VII

To sum up:-

We are in a race with the U.S.S.R., the nature and full magnitude of which we now only begin to fully appreciate. It is a race in which we can no longer afford the comfortable illusion that we enjoy vast superior power. It is a race under the awesome umbrella of hydrogen weapons and ever more advanced delivery systems which, as long as mutual deterrence is maintained, make the

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

risk of general and perhaps even local war seem too high for either side to risk. The result is a contest in which diplomatic maneuver, trade and aid, propaganda, subversive operations are the primary modes of conflict against the backdrop of the military threat.

The new generation of Soviet leaders have shown skill and flexibility in this arena of "peaceful subversive competition". They are confident that the forces of history are on their side and that they will win in time.

It would be foolish to deny that they have some reason to believe as they do believe, as I have sought to demonstrate. We could have more critical situations facing us in the coming years even than we have had in the past.

At the same time their own system is evolving in ways that ^{they} may eventually be unable to control. They face many acute problems which we can exploit.

While we face a prolonged cold war, we and our allies have vast resources, resources I feel, to meet this situation; and the task now before us is to mobilize them.

Thank you very much.

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SINO-SOVIET THREAT 1958

By

The Honorable Allen W. Dulles

"This is an official document of The National War College. Quotation from Abstraction from, or Reproduction of all or any part of this document is NOT AUTHORIZED without specific permission of the Commandant of The National War College.

**Presented at
The National War College
Washington, D. C.
29 April 1958**

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

Copy # 2 of 4 copies

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SINO-SOVIET THREAT 1958

By

The Honorable Allen W. Dulles

(29 April 1958)

ADMIRAL WOOLDRIDGE: (Introduced the speaker).

MR. DULLES: Thank you very much. I appreciate that introduction.

I wish that I felt sure, on the basis of the facts available, ^{that} I could outline a clear-cut and definite policy for you, but I may have to leave some of that to you to formulate after I have spoken. It is true, there are a good many facts laid before us in the CIA; sometimes too many facts complicate life very much, because, unfortunately, the facts do not all point in the same direction, and it is not always easy to get a completely clear-cut view of any situation so that one can say with great assurance that this or that is the appropriate line to take.

This, I believe, is my eighth appearance here - eighth consecutive appearance before this body or this joint body. The agency appreciates very much the opportunity to have representatives at the two colleges. We have always tried to select our best men for these jobs, and they have always come back profited ^{ing} greatly from the experience they have gained in the colleges.

I understand that you have just completed your final papers on "Basic NSC Policy" and that my task here this morning is to give you a general run-down of the views that we hold in

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SECRET

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

the Central Intelligence Agency with regard to the Sino-Soviet threat.

No IP

We have also just completed certain intelligence appraisals. When I say "we" I mean the entire intelligence community, because these papers are drawn up and finally approved by the Intelligence Advisory Committee, which ^{includes} ~~contains~~, as you know, other ^{senior} ~~membership~~ representatives of all the intelligence services of Government.

I

The past year has seen a series of dramatic developments in ~~the~~ Sino-Soviet affairs, particularly in the Soviet situation.

We had, first, the Soviet successes in the satellite-ICBM area, which, although shortly followed by our own accomplishments in these same fields, had a very important psychological effect on a world-wide basis [^] because of their being first and because of the clear magnitude of the Soviet effort and accomplishments. At first these developments seemed to shake somewhat the image of U. S. superiority and possibly in certain areas of the world created some fears that we no longer had the same potential that others thought we might have to defend our allies -- partly because the world then saw that the time was not far off when the United States would come under or could come under direct attack by such a formidable arm as the long-range guided missile.

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

Then we had the developments in the Soviet Union, with Khrushchev consolidating his leadership and embarking on further domestic innovations -- the industrial reorganization which, while it had built-in dangers, as I see it, for the Communist leadership, tended to create a more effective (assuming its success since it seems to be going all too well) method of controlling the rapidly expanding industrial machine of the Soviet Union; then the abolition of the machine-tractor stations and the turning over of the tractors to the collectives, which may tend to eliminate one bottleneck in their farm situation, designed to strengthen their economy and may have some effect in achieving it.

Then during the past year, following the shock that the Soviet Union had ^{received} ~~succeeded~~ in the satellite area, the Soviets, partly by ruthless repression of the Hungarian revolt, were able to stabilize to some extent their position in Eastern Europe as contrasted to the position they had a year ago when I spoke to the colleges. There is, however, underlying ferment in various parts of that satellite area that I will refer to later, particularly in Eastern Germany and Poland. While Yugoslavia is not really a part of the satellite area, there have been recent dramatic developments in the Yugoslav situation that I will take up.

There has also been the continued (Soviet) (rather successful) ^v action in wooing the uncommitted and less developed areas of the world, with particular success in the Middle East

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

and in Southeast Asia - Indonesia, for example.

There have been new crises in the Afro-Asian world -- Indonesia, Algeria, Tunis -- which have given the Soviets plenty of opportunity for "fishing in troubled waters".

Finally, the Soviet initiatives in the disarmament field, their stress on the banning of nuclear testing (a propaganda gadget very largely), their pressure for Summit talks were designed to capitalize on these developments and at the time seemed to threaten somewhat the unity of the position of the West. I think today, however, there is evidence that the Soviets feel that they have probably overplayed their hand and overestimated their ability to influence Western public opinion in these respects. The unity of the West seems to be stronger today than it was a few months ago.

II

I think it is important to try to assess the present mood of the Bloc leaders -- the position they think that they have achieved and what they think the future holds.

The extrovert character and the outspokenness of the present Soviet leadership makes it a little easier to judge how they feel. The ebullient Khrushchev does not fail to talk and, while some of his talk is gross exaggeration, it is some reflection of the spirit of confidence that he has been feeling. Recently, I think, there have been some evidences that he is not quite as confident today as he was. But still their present

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

mood is one of over-all confidence and reflects a little the Khrushchev boast of some time back that "we will bury you". He has not said much about that in the last few weeks.

In secret speeches at the 40th Anniversary Celebration in Moscow last fall, both Mao and Khrushchev took the line that if peace could be preserved for a decade or so - ten or fifteen years - the Bloc could overtake the West and that the position then of the Socialist camp would be unbreakable. That is their boast and hope.

There was some reason for their confidence, even though we do not accept their conclusions. I refer to their scientific and political successes. I was talking yesterday to the Chamber of Commerce about their striking growth in economic power; and there have been some shifts in attitude as to the respective strengths of the United States and the U.S.S.R.

III

Certainly we can no longer afford to underestimate the magnitude of the growth of Soviet power. The idea that the Soviet peoples are a bunch of muzhiks is a very obsolete conception and is one that has been held quite widely in various parts of the United States; it is one of the blocks, I think, toward full appreciation of our problems.

I will refer to some of the areas in which they are rapidly increasing their power.

On the military side the stress seems clearly to be on

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

ballistic missiles, both intermediate and long-range, and in the nuclear fields. We have a pretty good idea, I think, of their ballistic missile program, and our latest estimates will probably indicate that they will not have the ICBM at least until sometime next year. We had thought last August that it might even be a little earlier than that, but the amount of testing they have done since then has not been up to rather what we had expected they would do.

Conversely, in our view, they are putting less stress on the heavy bomber than we had estimated. The output of the BISON and BEAR, jet and turboprop heavy bomber, seems to be on a decline. We are having a review of our estimate of that particular situation at the present time. There has been some slight indication that they might unveil a new supersonic bomber. The evidence on that, though, is very tenuous. We are waiting for the May Day Fly-by, but I read in the paper this morning that it looks as though May Day is not going to be a day, from the point of view of weather, that will permit them to do much testing. There was one practice Fly-by a few days ago on which we had some very good reports, even though it was viewed at some distance; but even then the weather conditions were not satisfactory for gaining much information.

I want to refer particularly to the Soviet strides in the nuclear field. The last series of tests that were concluded a few weeks ago was the most intensive series that they have had --

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

ended up with three tests in two days, at different testing sites. That is quite an intensive series. They waited until that series was over to renew their suggestions with regard to even an unilateral suspension of testing; and they have technically gone into a suspension. It is our estimate that they would have stopped anyway for a period of time after this very intensive series.

In addition, they are maintaining formidable conventional capabilities, as you well know. They are modernizing and streamlining their ground forces, as we can see from observation, particularly in East Germany and now in Hungary.

There are some indications of numerical cutbacks. They have announced several force reductions, as you know. It is hard to tell whether they have carried them out in full, but they certainly have cut back in numbers to some extent from their position of a couple years ago.

Also, very recently we have had very hard evidence that they have cut back in building of conventional submarines, including the long-range snorkel type. This perhaps indicates that they are preparing a shift to the nuclear-missile type of submarine, although we have not yet any direct evidence on that. But that would be the normal course for them to take.

The rapid pace of Soviet scientific development may be even more dangerous than their current military posture. Their all-out effort to develop a massive scientific base is

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

now paying off, and the statistics are fairly worrisome:-

They have 1.5 million college graduates trained and employed in scientific and technical fields, as against about 1.3 million in the United States. This edge is increasing -- in 1957 our figures indicate they graduated over 140,000 in the scientific and engineering fields, as against about 100,000 in the United States.

It must be accepted, I think, today that the Soviets are up to us and are even in certain cases ahead of us in some of the key scientific fields, although we have an ^{edge} ~~advance~~ in others. ^{the} [of these fields] It seems to have taken ^{the} Sputnik to make us realize the extent of their scientific competence and that unless we step up our own efforts in research, education, and the scientific fields they are likely to forge ahead of us. I think we are aroused to that question of how to step up quickly our scientific and engineering educational facilities as another problem.

Certainly they understand very clearly the key role of science and technology in modern warfare. They regard themselves as in a race with us in this particular field - a race in which they are going to put every effort to try to win.

In the economic field they have the same concept, that they are in direct competition with us. While the ⁱⁿ rate of economic growth is slowing down somewhat (^{some} the ^{relative} rate of growth is always ^{is to achieve} harder ^{it} as you get a higher base; ~~your rate~~ always goes

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

down somewhat.) It is still a great deal more rapid than ours, and
In fact, now that we are now in a recession, very markedly so.

The crucial point is that even though the Soviet gross national product is still not over two-fifths of ours - about 40 percent of ours - they already have allotted resources to critical fields, very comparable ^{to} and very nearly the same as ours, and we would estimate ^{for example,} that their defense outlays in dollar value were roughly the same as ours. That does not mean that it costs them ^{as} ^{in every category,} that much ^{that} because obviously they do not pay their personnel anything like what we do and a large share of this goes into the cost of their manpower; ^{thus} but a couple ^{of} million men will cost them ^{by} a percentage of what it would cost us. But, taking their overall military product year by year in manpower and materiel, we have estimated it is just about the same as ours. And they do that on a gross national product that is roughly 40 percent of ours.

Their investment outlays in 1956 in key fields, like mining, manufacturing, electric power, are already between 80 and 90 percent of our own. There are various reasons why they are able to do this, but the primary one is that they are holding down consumption in dollar value to about a quarter of our own or only about one-fifth on a per capita basis, in view of the somewhat larger populations that they have. Stated in other words, we spend on consumption goods in the general consumption field about five times as much as they do per capita. Those are pretty

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

startling figures.

As I said yesterday to the Chamber of Commerce, some day the Russian people are going to demand a much larger share of the good things of this world; and if the Soviet leadership responds to that, it is going to have a very dramatic effect on their whole society; if it does not respond to it, there might be trouble. I do not mean revolution, but such pressures as would be almost very difficult to fail to respond to.

They are devoting a bit more to the consumption field -- housing, agriculture, and so forth -- than they were a few years ago, so that ~~(the)~~ Soviet citizens are having a slightly raised standard of living. And, as they have been used to a very low standard, they feel they are somewhat better off, and that probably postpones the day of ~~(the)~~ insistent demand for ~~an~~ ^{of a} even more share in the field of consumption.

However, the sheer problem of managing ~~the~~ [✓] huge industrial economy and giving it new dynamism has led to major innovations. I mentioned before the economic reorganization, the partial dismantling of the swollen central bureaucracy in favor of more decisions taken at the local level.

In the field of agriculture we know of the new lands program and the abolition of the machine-tractor stations and the forced deliveries from private plots -- all designed to expand the agricultural output.

There have been also very dramatic changes in the

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

political field. There has been a de-emphasis on terror; there has been a downgrading of the secret police; there has been a stress on Socialist legality. I have a feeling that maybe Khrushchev feels they have gone a little too far, and there may be some tendency [possibly] to turn back a little, although that cannot be said as yet.

Most of these changes and innovations bear the stamp of Khrushchev himself, and we can expect probably a further attempt at bold steps as long as he is in power. He is boldly seeking to adjust the Soviet system to the present-day needs, to release initiative, and to increase efficiency. He showed himself a shrewd politician and has put some stress on the field of consumption, with promises of a better life for the Soviet citizens and giving them a little taste of it. He obviously feels the need of seeking popularity. I do not think Stalin cared very much what people thought of him. Khrushchev obviously is seeking popularity.

IV

But the change of pace in the Soviet society and the gradual maturing of the revolution have created major problems for the Kremlin leaders. Khrushchev's reforms and changes have not been put through, as you know, without serious opposition. The June purge was a good example of this.

While Khrushchev seems firmly in the saddle, if his ambitious promises do not pay off, if the new lands program should fail, if the reorganization should run into serious

- 11 -
SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

difficulties, he has plenty of enemies behind the scenes who would be very glad to go in and try to throw him out. He has made plenty of enemies on the way up. There are probably a good many [of the] orthodox Communists of the Molotov type and maybe ^{like} ~~of the~~ Suslov [type] - often referred to as a potential antagonist - who are aghast at Khrushchev's innovations.

These post-Stalin changes have accelerated the evolutionary process in Soviet society and have unleashed forces of great potential impact. Universal education has created a new Soviet man who may increasingly chafe under totalitarian controls. Already there are signs of some discontent here and there among the intellectuals and in the student body.

There has been a rise of new groups -- the managerial group in the industrial field, scientists -- who may increasingly demand a share of power and who will (increasingly/probably) protest against arbitrary controls, whether from the center or at the local level now that they are decentralizing. The Central Committee is getting an increased role of power, even though it is under pretty good control as far as Khrushchev is concerned. It may feel its oats one of these days and [it might] get a bit out of hand.

I mentioned the growing demand for more consumer goods and better housing.)

No 80
(In addition to these problems and the agricultural problem which I have mentioned, there are problems in the political

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

sphere. Very recently the row with the Yugoslavs seemed to indicate a nervousness and a lack of the sure-footedness that Khrushchev has shown generally.

No P

It seems [to be] clear that, whether it is a Stalin or a Khrushchev who is in power, he cannot really tolerate ideological deviations in the Communist family of states. While Tito was ready and did apparently compromise with Khrushchev on the phrase in their platform which indicated that both East and West were responsible for the tensions and put most of the responsibility for the world tensions on the West, that did not satisfy Khrushchev because of the fact that Tito still insisted on following his own road to Socialism.

Of course, Khrushchev is taking a big gamble in attempting to modernize the Soviet system, because that gives new scope to initiative, and initiative is something that is dangerous for a dictatorship. The benevolent dictatorship that the Soviets are seeking may eventually turn out to be an impossible contradiction.

No P

Can a dictatorship be benevolent? It is possible that the leadership may feel that it has to revert to some of the earlier patterns of control. This will become more difficult as time passes. Controls once taken away are hard to reimpose. But these changes are essentially long-term and evolutionary, not revolutionary; and their impact on Soviet external policy may be somewhat long-delayed and rather unpredictable at the present

- 13 -

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

time. ^{The} A short-range outlook, as I see it, is for intensification not a diminution of the Soviet threat.

V

Yet, it is crucial for our own policy that we recognize the true nature of this threat. It does not, so long as mutual deterrence is maintained, arise primarily, as I see it, from the danger of a general war or even of local aggressions ^{directly} involving [direct] Soviet forces, but from the politico-economic and subversive techniques employed by Moscow since the revolution, and with special skill and flexibility since Stalin's death. I am not myself much of a believer in these limited wars where it comes to direct Soviet participation. I believe in the possibility of limited wars as between, say, Israel and the U.A.R. ^{but} I have always felt -- I may be wrong and I know there are higher authorities who differ from me -- that if either of the great nuclear powers was involved in those wars and used its nuclear strength, as I believe it would do, it would probably lead to a general war.

Along with the growth of the Soviet nuclear capabilities are signs of growing realization that technological revolution in modern warfare makes general war, at least for the moment, far too dangerous.

No P (While the U.S.S.R. is determined to maintain a strong military posture against any eventuality, the possibility of a nuclear stalemate, I think, is well understood in Moscow. I see no indication that they wish to risk or would willingly risk a nuclear

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

war with the United States.

The new generation of Soviet leaders probably argue to themselves ~~as to~~ why they should jeopardize 40 years of Socialist construction and reconstruction when they feel they are well on their way to overtaking the capitalist system, which they always preach is being outworn, and when their current politico-economic tactics promise some successes in this field.

The Soviet leaders also seem to recognize that Stalin's type of policies were counterproductive, led them to the brink of war -- such operations as Berlin and Korea -- and that they are far too risky to undertake in the nuclear age. It is from this reasoning that has sprung up their slogan of "peaceful coexistence". (I would like to call that "peaceful subversive coexistence") as their policy. Through it they are buying time for the continued forced draft growth of Soviet power in the economic field, industrial field, in the field of ballistic missiles, and in the nuclear field; and they are creating new opportunities for diplomatic maneuver and politico-economic penetration aimed at undermining the position of the West. It seems to me that Indonesia today is a typical example of their techniques.

They are trying with all that to play down the image of an aggressive U.S.S.R and thereby cloak their maneuvers.

The Soviets, of course, are laying particular stress on the underdeveloped and uncommitted areas (I do not like that term "underdeveloped"; I prefer to call them "newly developing

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

states") as the "Achilles' heel" of the West. They are ^{doing} ~~developing~~ ^{ing} this by expanding their trade and their aid programs, which, though still relatively small as contrasted with our own, now total some two billion in credits and grants over the past three years and over 560 million (I am speaking of dollars here, not rubles) since mid-1957. So this aid-trade program is on a very steep increase and probably will continue that way for some little time.

Their accelerated efforts to develop diplomatic and cultural relations, exploit the anticolonial and neutralist sentiments, are part of this and lay the groundwork for their subversive penetration.

Yesterday, in talking to the Chamber of Commerce, I spoke particularly of Yemen. I think Yemen is one of the best cases. They have put tens of millions of dollars into that little country and a vast amount of military equipment for the size of ^{its} ~~their~~ army and the number of ^{its} ~~their~~ people. They do not have any great hope of Communizing Yemen. ^{Yemeni} They do not know anything about Marx; they are pretty rabid Moslems; but there is not any place in the world where you can do more mischief for less cost probably than in Yemen, which is right next to Aden. If they got a good foothold there they would have a blackmailing position on the Red Sea and the oil lifeline to Western Europe and the great commercial channel to the East. I just cite Yemen as one example, but it is one of the most dramatic, I think, of the examples that we have.

- 16 -

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

Simultaneously with this, their economic and subversive programs, they have been putting on a major diplomatic offensive which I feel is not going quite as well as their economic one is. This is keyed to pressures for a Summit conference and nuclear disarmament.

They do not seem quite as anxious for a Summit conference as they did sometime ago. By their somewhat heavy-footed diplomacy they have succeeded in bringing the West pretty well together on that issue, and are really running out of steam somewhat. You may have noted that the tactics have been adopted very recently to get back answers to the Soviet notes so fast that they do not have a chance to draw their breath before they have to write another one. They were trying that on us, but we have shortened the length of our notes a bit so that we can really shoot them right back. It seems to have thrown them off balance because they do not seem to know how to write a short note; it has to be fifteen pages, otherwise it does not seem to be worth writing.

Then, of course, there has been the growing ^{Soviet} emphasis on disarmament measures; but we have them a little over the barrel there because they have been refusing to do anything on disarmament through the United Nations, even though that is the logical place to do it.

No IP
We now have up, and I do not know quite how they are going to handle it, this question of the Arctic that they opened the door to by their somewhat precipitant ^{to} attempt to put us on

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

the spot in regard to the ^{SAC flight} ~~maneuver~~. That turned certainly in our favor.

Though I have stressed the so-called "peaceful" means that the Soviets are employing, I do not doubt that they will use threats, intimidation, and blackmail where they think it will be useful. They certainly used threats in both the Suez situation and the more recent Turkish ^{-Syrian} situation; and it was only a little over a year ago that they did not hesitate to intervene ruthlessly in Hungary where they felt their own vital interests were deeply involved.

So I think we can expect the Soviets to be firm, even bellicose in crisis situations. They may even regard the West as less willing to stand up in a crisis as a result of ~~the~~ growing Soviet nuclear strength, at the force. I think they may be wrong in that, but I think they feel that we might hesitate a little longer than we would have, say, eight or ten years ago when we had some nuclear capability and they did not.

Of course, the nuclear deterrent operates both ways, and for the same reasons the Soviets desire to avoid general war, they are also reluctant to assume risks of miscalculation inherent in overt local aggressions. They seem to be fairly careful. They will send supplies; they will send their MIG-15s and -17s, their tanks and even their submarines; and they will send technicians. We have not had very much evidence of sending what you would call "volunteers" in recent years.

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

While the U. S. must have adequate capability to meet Bloc local aggressions, if they should come (I think they are somewhat unlikely), we are, as I say, far more likely to be faced with situations like coup d'etat, civil wars as in Indonesia, third-party squabbles with the Soviets standing in the aisles and pushing them on, as in the Arab-Israeli conflict, and other internal Arab problems.

In these situations we may be faced with accepting a defeat or intervening ^{militarily} ourselves, or finding some other weapons and other means by which we can effectively intervene.

Here The Soviets have more mechanisms, I think, than we do. Take Indonesia. They have a very large and aggressive Communist Party. They can use that Communist Party as a direct internal weapon without appearing on the scene. We have no Western party or American party or other mechanism quite like that which they have. They have also built up a great series of front organizations, as you know. I have just been trying to get out some literature on those to alert people to their existence.

VI

The Bloc also has its vulnerable areas where it fears Western pressure.

The Soviets appear highly nervous about the underlying instability of their position in Eastern Europe, ^{as} ~~that~~ I mentioned. They are very sensitive. The radio that is directed to the satellite areas seems to worry them very much. They are so sensitive

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

about that that they will not allow it to be put on the agenda of the Summit conference. They are not willing to discuss anything relating to this situation in the satellite area of Europe. They are seeking in every possible way to get an implied recognition from the West of the status quo for this area, hoping in that way to snuff out the hopes of freedom that exist in their countries.

Their rigidity on the question of German reunification is one of the evidences of this fear that they have. They are afraid that if anything happens in Eastern Germany it will snowball into Poland, into Czechoslovakia, into the whole area. I think their attitude on Yugoslavia ^{also} plays a part in this. They could not openly admit the heresy of the Yugoslavs without admitting a similar heresy for the other satellite states.

There are some things we can do and I am sure we are trying to do them to see that this ferment in Eastern Europe does not die down. At the same time one has to play a very careful role in that. We do not want another Hungary, either in Hungary or in any of the other states. The development in Poland was an encouraging one, although recently there are indications that the Soviets are quietly putting more and more pressure on Gomułka, and it looks as though the freedoms in Poland were somewhat diminishing.

Also, I think there is reason to believe that Moscow is probably somewhat nervous over the growing strength and prestige

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

of Communist China in Asia and to some extent also in the satellite areas. Any basic United States security policy must give growing weight to this factor, as the Soviets must also.

The Chinese revolution is still young. It is about where the U.S.S.R. was some 25 years ago. But it is profiting from Soviet aid and experience and is trying to avoid some of the Soviet mistakes. ~~(and)~~ It will be a long time, if ever, before Chinese strength approaches that of the U.S.S.R. China has much smaller resources, has an acute population problem with over 40 million people now, and a rate of increase ^{which has gone up from} of one-and-a-half percent ^{in 1952 to where} ~~between 1.5 and 2.4 percent -- 1.5 percent it was in 1952,~~ now we believe it is up today to about 2.4 percent, that is, if we can take the Chinese statistics as a basis. Mao's present target is only to catch up with the U. K. production in the next 15 years. But it would be unwise to underestimate the Chinese Communist long-term potential, as Stalin seems to have done at times in his day.

VII

To sum up:-

We are in a race with the U.S.S.R., the nature and full magnitude of which we now only begin to fully appreciate. It is a race in which we can no longer afford the comfortable illusion that we enjoy vast superior power. It is a race under the awesome umbrella of hydrogen weapons and ever more advanced delivery systems which, as long as mutual deterrence is maintained, make the

SECRET

Approved For Release 2002/07/29 : CIA-RDP80B01676R001100150003-3

risk of general and perhaps even local war seem too high for either side to risk. The result is a contest in which diplomatic maneuver, trade and aid, propaganda, subversive operations are the primary modes of conflict, against the backdrop of the military threat.

The new generation of Soviet leaders have shown skill and flexibility in this arena of "peaceful subversive competition". They are confident that the forces of history are on their side and that they will win in time.

It would be foolish to deny that they have some reason to believe as they do believe, as I have sought to demonstrate. We could have more critical situations facing us in the coming years even than we have had in the past.

At the same time their own system is evolving in ways ^{they} that may eventually be unable to control. They face many acute problems which we can exploit.

While we face a prolonged cold war, we and our allies have vast resources, resources, I feel, to meet this situation; and the task now before us is to mobilize them.

Thank you very much.